

Message Text

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ACTION ARA-15

INFO OCT-01 IO-14 ISO-00 AGRE-00 CEA-01 CIAE-00
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 DOTE-00 /130 W
-----045068 300602Z /10

R 282010Z SEP 78
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC 379
INFO USDOC WASHDC
AMCONSUL MEDELLIN POUCH
AMCONSUL BARRANQUILLA POUCH
AMCONSUL CALI POUCH
USMISSION GENEVA

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USMISSION GENEVA FOR USMTN

E.O. 11652: N/A
TAGS: ETRD, CO
SUBJ: GOC MODIFIES CAT (EXPORT SUBSIDY)

REF: 77 BOGOTA 10224

SUMMARY: GOC PUBLISHED DECREE 2227 OF SEPT 23, 1977
MODIFYING THE AMOUNTS OF EXPORT SUBSIDY FOR SPECIFIC PRODUCTS
PAID IN THE FORM OF TAX CERTIFICATES (CATS) (CERTIFICADOS DE
ABONO TRIBUTARIO). GENERAL AMOUNTS OF SALE PRICE TO BE REBATED
TO EXPORTERS REMAIN THE SAME AT 12 PERCENT, 9 PERCENT, 5
PERCENT AND 001 PERCENT. CHANGES NOT EXTENSIVE IN NUMBER
BUT SIGNIFICANT IN CASE OF SOME IMPORTANT PRODUCTS. IN
MAJORITY OF CASES AMOUNT OF SUBSIDY INCREASED, INCLUDING MEAT,
SHELLFISH, SUGAR CONFECCIONARY, SEVERAL METALLIC ORES,
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SOME CHEMICALS, SOME FERTILIZERS, TIRES, PAPER PRODUCTS,
IRON AND STEEL RAILWAY EQUIPMENT, SEVERAL ELECTRICAL
ARTICLES, SOME TRANSPORT EQUIPMENT. IT WAS REDUCED ON
SOME MINOR PRODUCTS. SEVERAL IMPORTANT AGRICULTURAL PRODUCTS
NOW WILL RECEIVE SIGNIFICANT SUBSIDY. CAT UNCHANGED FOR
THOSE EXPORTS WHICH HAVE HAD OR ARE IN PROCESS OF USG
COUNTERVAILING INVESTIGATION. DEPUTY MINISTER OF DEVELOP-

MENT REPORTED BY PRESS TO HAVE ANNOUNCED GOC WOULD LOWER
CAT ON TEXTILES IN CASE OF USG FINDING THAT CAT IS ILLEGAL
(UNDER US LAW) SUBSIDY. END SUMMARY.

1. BELOW ARE THE PRINCIPAL CHANGES IN THE AMOUNT OF
SUBSIDY DECREED BY LAW 2227. COMPLETE DETAILS AVAILABLE
IN DECREE 2227 WHICH WILL BE POUCHED. PRODUCTS LISTED BY
COLOMBIAN TARIFF CLASSIFICATION.

2. CAT INCREASED FROM MINIMUM (.001 PERCENT) TO 5 PERCENT:

10.05.89 - OTHER CORN

10.06.89 - OTHER BLEACHED RICE

10.07.89.02 - SORGHUM

12.01.89.10 - SESAME SEEDS

18.04 - COCOA BUTTER

CHAPTER 19 - CEREAL, FLOUR PREPARATIONS

CHAPTER 24 - TOBACCO; EXCEPT RAW TOBACCO AND CIGARS AND CIGAR-
ETTES

25.22.01 - QUICKLIME

26.01.02.00 - COPPER ORE AND CONCENTRATES

26.01.03.00 - NICKEL ORE AND CONCENTRATES

26.01.14.01 - SILVER ORE AND CONCENTRATES

26.01.14.11 - PLATINUM ORE AND CONCENTRATES

27.01 - COAL

27.01 - LIGNITE

27.01 - PEAT

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27.04 - PITCH

31.05.03.01 - COMPOSITE AND COMPLEX FERTILIZERS

40.11 - RUBBER TIRES

48.01 TO 48.09 VARIOUS TYPES OF PAPER BOXES AND BAGS

51.04.01.01 - SYNTHETIC WOVEN FABRICS FOR TIRES

70.20 - GLASS FIBERS, YARNS, FABRICS, ETC.

71.09.02.00 - SEMI-MANUFACTURES PLATINUM

CHAPTER 72 - ALL COINS

73.16 - IRON AND STEEL RAILROAD EQUIPMENT

3. CAT INCREASED FROM MINIMUM (.001 PERCENT) TO 9 PERCENT:

CHAPTER 34 - SOAPS, ORGANIC SURFACE ACTIVE AGENTS, WASHING
PREPARATIONS, LUBRICATING PREPARATIONS, ETC.

45.01 - NATURAL CORK

4. CAT INCREASED FROM MINIMUM (.001 PERCENT) TO 12 PERCENT:

63.01 - OLD CLOTHING

80.06.89.00 - OTHER ARTICLES OF TIN

CHAPTER 84 - ALL ELECTRICAL MACHINERY AND EQUIPMENT AND
PARTS EXCEPT GENERATORS, MOTORS, ELECTRIC CELLS, ACCUMULATORS,
SMALL ACCUMULATORS, ELECTRIC TOOLS, COPPER WIRE, CARBON
BRUSHES, INSULATORS, FITTINGS

87.01 - TRACTORS
87.02 - AUTOMOBILES
87.04 - AUTOMOBILE CHASSES
87.07 - WORK TRUCKS
87.08 - TANKS (MILITARY)

5. CAT INCREASED FROM 5 PERCENT TO 9 PERCENT:

22.01.01.00 - FRESH BOVINE MEAT
CHAPTER 2 - ALMOST ALL FISH AND SHELLFISH
18.06.00.00 - CHOCOLATE AND OTHER FOOD PREPARATIONS
CHAPTER 28 - SEVERAL CHEMICALS INCLUDING HYDROCHLORIC
ACID, ZINC OXIDE, SODIUM SULFIDE, SODIUM
HYDROGEN SULFIDE, DITHONITES, CITRIC ACID, HEXOCLACTRAM AND
PHTHALIC ANHYDRIDE
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40.12 TO 40.14 - RUBBER HYGIENIC ARTICLES, RUBBER APPAREL, ETC.
40.16.00 - EBONITE, VULCANITE
70.04 - UNWORKED CAST OR WORKED GLASS

6. CAT INCREASED FROM 5 PERCENT TO 12 PERCENT:

87.06.03.99 - OTHER TRANSPORTATION PARTS
87.09 - MOTORCYCLES

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7. CAT INCREASED FROM 9 PERCENT TO 12 PERCENT:
CHAPTER 16 - PREPARATIONS OF MEAT, FISH AND SHELLFISH.
17.04 - SUGAR CONFECTIONARY
CHAPTER 22 - BEVERAGES, SPIRITS AND VINEGAR
49.07 - UNUSED POSTAGE STAMPS
84.41 - SEWING MACHINES
84.51 - TYPEWRITERS
84.52 - CALCULATORS
84.53 - AUTOMATIC DATA PROCESSING EQUIPMENT
85.01 - TO 85.04 - ELECTRICAL
GENERATORS, MOTORS, CELLS, ACCUMULATORS
85.23 - INSULATED WIRE
87.03 - SPECIAL PURPOSE TRUCKS
94.02.01 - MEDICAL FURNITURE

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8. CAT DECREASED REPEAT DECREASED FROM 5 PERCENT TO MINIMUM
(.001 PERCENT):
CHAPTER 5 - ALMOST ALL PRODUCTS OF ANIMAL ORIGIN, NOT
ELSEWHERE SPECIFIED

9. CAT DECREASED FROM 9 PERCENT TO MINIMUM (.001 PERCENT):
CHAPTER 13 - MOST RAW VEGETABLE MATERIALS SUITABLE FOR
DYEING OR TANNING
50.04 TO 50.10 - SILK YARNS, WASTE SILK, ETC.
48.10 TO 48.15 - CIGARETTE PAPER, WALL PAPER, FLOOR COVERINGS,
WRITING BLOCKS, ETC
48.17 - BOX FILES
48.20 - BOBBINS, SPOOLS

10. CAT DECREASED FROM 9 PERCENT TO 5 PERCENT:
11.03 TO 11.06 FLOURS NOT OF CEREALS, SEMILLINA,
MALT OR WHEAT GLUTEN

11. CAT DECREASED FROM 12 PERCENT TO 5 PERCENT:
48.19 - PAPERBOARD OR PAPERBOARD LABELS

12. COMMENT:
EXTENSION OF CAT SYSTEM WITH MODIFICATIONS APPEARS TO
BE ANOTHER INDICATION THAT TURBAY ADMINISTRATION WILL CONTINUE
MANY OF PREVIOUS ADMINISTRATIONS' ECONOMIC POLICIES. HOWEVER,
THERE ARE STILL INFLUENTIAL VOICES IN ECONOMIC COMMUNITY

ADVOCATING DISBANDING OF CAT SYSTEMS. MOST GOC OFFICIALS, INCLUDING NEW PROEXPO DIRECTOR CARDENAS IN INTERVIEW WITH ECON COUNSELOR, DESCRIBE CHANGES AS MINOR. CARDENAS NOTED THAT CAT IN 1979 WILL COST GOC TREASURY ABOUT 1.5. BILLION PESOS, BUT WILL STIMULATE 45 BILLION PESOS OF EXPORTS. COMMENT ABOUT CHANGES FROM EXPORTER COMMUNITY HAS BEEN RELATIVELY MUTED.

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13. AS EXPECTED, ANNOUNCEMENT OF CAT CHANGES HAS ELICITED COMMENT OF USG COUNTERVAILING DUTY INVESTIGATION OF TEXTILES. DIRECTOR OF LARGEST TEXTILE MILL, COLTEJER, STATED AT ANNUAL MEETING THAT USG MEASURES ARE A THREAT TO THE TEXTILE INDUSTRY. HE CALLED UPON GOC AMBASSADOR BARCO IN WASHINGTON TO MEDIATE THE DISPUTE. COLTEJER DIRECTOR ALSO REQUESTED THAT CAT FOR TEXTILES BE RAISED TO 15 PCT. IN AN EXTREMELY SURPRISING STATEMENT, VICE MINISTER OF DEVELOPMENT GAVIRIA IS QUOTED BY PRESS AS STATING THAT CAT WOULD BE REDUCED FOR THOSE PRODUCTS WHICH ARE SUBJECT OF POSITIVE DETERMINATIONS BY IMPORTING COUNTRIES IN COUNTERVAILING DUTY CASES. HE SPECIFICALLY REFERRED TO REDUCTION IN THE LEATHER HANDBAG CASE AND IS QUOTED AS SAYING GOC WOULD APPLY SAME MEASURE TO TEXTILES IF US IMPOSES COUNTERVAILING DUTIES. AMOUNT OF CAT FOR THOSE PRODUCTS INVOLVED IN USG COUNTERVAILING DUTY CASES REMAIN SAME; COTTON TEXTILES AND CLOTHING AT 12 PERCENT AND 9 PERCENT; LEATHER HANDBAGS AT 12 PERCENT; AND FLOWERS AR .001 PERCENT.

14. WITH REGARD TO COUNTERVAILING DUTY INVESTIGATION ON TEXTILES, PROEXPO DIRECTOR CARDENAS TOLD ECONCOUNSELOR THAT GOC WOULD PROBABLY SEND DELEGATION TO US IN OCTOBER TO DISCUSS CASE. VISIT IS NOW BEING COORDINATED BETWEEN PROEXPO AND FOREIGN MINISTRY AND WILL BE PRECEDED BY MEETING WITH EMBASSY. EMBASSY OFFERED ALL APPROPRIATE ASSISTANCE.

15. GOC REMAINS VITALLY INTERESTED IN GENEVA MEETING ON CVD/SUBSIDIES BUT CARDENAS DID NOT HAVE REPORT FROM GOC DELEGATE ABOUT MOST RECENT MEETING. ASENCIO

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Message Attributes

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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 20 Mar 2014
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